

1 SENATE BILL 727

2 **47TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2006**

3 INTRODUCED BY

4 Timothy Z. Jennings

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10 AN ACT

11 RELATING TO TAXATION; AMENDING THE COMPENSATING TAX EXEMPTION
12 FOR RAILROAD EQUIPMENT; CHANGING THE RATE OF TAX IMPOSED BY THE
13 RAILROAD CAR COMPANY TAX ACT; CHANGING THE METHOD OF VALUATION
14 OF RAILROAD PROPERTY FOR PROPERTY TAX PURPOSES; CREATING THE
15 RAILROAD CROSSING SAFETY FUND; MAKING AN APPROPRIATION.

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17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

18 Section 1. [NEW MATERIAL] RAILROAD CROSSING SAFETY FUND
19 CREATED--PURPOSE.--The "railroad crossing safety fund" is
20 created in the state treasury and shall be nonreverting. The
21 fund shall be administered by the department of transportation,
22 and money in the fund is appropriated to the department of
23 transportation for the purpose of implementing safety measures
24 at railroad grade crossings. Expenditures from the fund shall
25 be made on warrants drawn by the secretary of finance and

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1 administration pursuant to vouchers signed by the secretary of
2 transportation.

3 Section 2. A new section of the Tax Administration Act is
4 enacted to read:

5 "[NEW MATERIAL] DISTRIBUTION--RAILROAD CROSSING SAFETY
6 FUND.--A distribution pursuant to Section 7-1-6.1 NMSA 1978
7 shall be made to the railroad crossing safety fund administered
8 by the department of transportation in an amount equal to the
9 net receipts attributable to the tax imposed pursuant to the
10 Railroad Car Company Tax Act."

11 Section 3. Section 7-9-30 NMSA 1978 (being Laws 1969,
12 Chapter 144, Section 23, as amended) is amended to read:

13 "7-9-30. EXEMPTION--COMPENSATING TAX--RAILROAD EQUIPMENT,
14 AIRCRAFT AND SPACE VEHICLES.--

15 A. Exempted from the compensating tax is the use of
16 railroad locomotives, trailers, containers, tenders or cars
17 procured or bought for use in railroad transportation in
18 interstate commerce; provided, however, that the exemption
19 provided pursuant to this subsection shall not apply to the use
20 of any such railroad equipment that is not used directly in
21 interstate commerce.

22 B. Exempted from the compensating tax is the use of
23 commercial aircraft bought or leased primarily for use in the
24 transportation of passengers or property for hire in interstate
25 commerce.

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1 C. Exempted from the compensating tax is the use of
2 space vehicles for transportation of persons or property in, to
3 or from space."

4 Section 4. Section 7-11-3 NMSA 1978 (being Laws 1982,
5 Chapter 18, Section 19, as amended) is amended to read:

6 "7-11-3. IMPOSITION OF TAX--TAX RATE--TAX IN LIEU OF
7 PROPERTY TAXES.--

8 A. There is imposed on the gross earnings of each
9 organization for the 1996 and subsequent calendar years a tax
10 of [~~one and one-half~~] five percent.

11 B. The tax imposed in Subsection A of this section
12 is in lieu of all property taxes on railway cars owned by an
13 organization."

14 Section 5. Section 7-36-31 NMSA 1978 (being Laws 1975,
15 Chapter 165, Section 12, as amended) is amended to read:

16 "7-36-31. SPECIAL METHOD OF VALUATION--OPERATING RAILROAD
17 PROPERTY.--

18 A. All property owned or leased and used by an
19 operating railroad in its operation if the operating railroad
20 has operations in New Mexico is subject to valuation for
21 property taxation purposes and shall be valued in accordance
22 with the provisions of this section, except for land and land
23 rights other than operating railroad rights of way, sidings and
24 marshalling yards and general buildings and improvements
25 determined not to be an active part of an operating railroad.

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1 B. The [~~division~~] department shall value operating
2 railroad property using the [~~following methods~~] reproduction
3 cost method of valuation and applying the unit rule of
4 appraisal to the property.

5 ~~[(1) capitalization of earnings;~~
6 ~~(2) market value of stock and debt; or~~
7 ~~(3) original cost less depreciation and~~
8 ~~obsolescence.~~

9 ~~C. The division may use one or more, or a~~
10 ~~combination of, the methods of valuation specified in~~
11 ~~Paragraphs (1), (2) and (3) of Subsection B of this section in~~
12 ~~valuing operating railroad property.~~

13 ~~D.]~~ C. Land, land rights other than operating
14 railroad rights of way, sidings and marshalling yards, general
15 buildings and improvements determined not to be an active part
16 of an operating railroad shall be valued under the provisions
17 of this article of the Property Tax Code applicable to the
18 property.

19 ~~[E.]~~ D. The [~~division~~] department shall adopt
20 regulations providing for the allocation of net taxable values
21 of operating railroad property to New Mexico and to the
22 governmental units within the state.

23 ~~[F.]~~ E. The [~~division~~] department shall adopt
24 regulations [~~pursuant to Section 7-38-88 NMSA 1978~~] to
25 implement the [~~methods~~] method of valuation for operating

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railroad property specified in this section."

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